

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
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TO SECSTATE WASHDC 1458
INFO AMEMBASSY TOKYO

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USOECD

E.O. 11652: GDS
TAGS: OECD, ECON, JP
SUBJECT: OECD TARGETRY EXERCISE: JAPANESE SUBMISSION

1. FOLLOWING UNILATERAL U.S. PROVISION OF 1978 OBJECTIVES SUBMISSION TO JAPANESE DELEGATION TO OECD (PER STATE 248134 AND PARIS 32381), WE HAVE RECEIVED THE JAPANESE SUBMISSION ON A CONFIDENTIAL BASIS. THE VERBATIM TEXT OF THE SUBMISSION IS AS FOLLOWS:

BEGIN QUOTE

MR. EMILE VAN LENNEP PARIS, 18TH OCTOBER 1977
SECRETARY-GENERAL
O.E.C.D.

SIR,

UNDER INSTRUCTION FROM MY GOVERNMENT, I AM FORWARDING TO YOU THE FOLLOWING INFORMATION WHICH WAS REQUESTED IN YOUR LETTER DATED 6TH JULY 1977 (REF: EL-2353), REGARDING PROVISIONAL PROSPECTS FOR THE JAPANESE ECONOMY IN 1978. REGARDING CONFIDENTIAL

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ING PROVISIONAL PROSPECTS FOR THE JAPANESE ECONOMY IN 1978.

1. THE JAPANESE GOVERNMENT CUSTOMARILY MAKES NO ECONOMIC FORECASTS FOR THE CALENDAR YEAR BUT RATHER FOR THE FISCAL YEAR WHICH STARTS IN APRIL AND ENDS IN MARCH. POLICY DIRECTIONS OF ECONOMIC AND FISCAL MANAGEMENT FOR F.Y.

1978 HAVE NOT AS YET BEEN DECIDED. THE GOVERNMENT ECONOMIC FORECAST FOR F.Y. 1978 WILL BE DETERMINED AROUND DECEMBER OF THIS YEAR OR JANUARY OF THE NEXT. THEREFORE, THE FOLLOWING ESTIMATES ARE EXTREMELY TENTATIVE.

2. REAL GNP IN 198 IS ANTICIPATED TO GROW BY ABOUT 6 PERCENT AND DOMESTIC DEMAND IS ANTICIPATED TO EXPAND BY A SLIGHTLY HIGHER RATE THAN THAT OF GNP.

3. THE RATE OF INCREASE IN CONSUMER PRICES AND WHOLE-SALE PRICES IS ANTICIPATED TO BE AROUND A LITTLE OVER 7 PERCENT AND AROUND A LITTLE BELOW 4 PERCENT RESPECTIVELY.

4. AS FOR THE BALANCE OF PAYMENTS, ALTHOUGH MANY UNCERTAIN FACTORS STILL REMAIN IN WORLD TRADE, IT IS ANTICIPATED THAT THE SURPLUS OF THE CURRENT ACCOUNT OF 1978, AS THE GENERAL TREND, WILL DECREASE BY A CONSIDERABLE AMOUNT COMPARED WITH THAT OF 1977 (AROUND 3 BILLION DOLLARS, ALTHOUGH A CERTAIN RANGE OF ALLOWANCE SHOULD BE TAKEN INTO ACCOUNT WITH THIS FIGURE.) THE BALANCE OF LONG-TERM CAPITAL ACCOUNT IS EXPECTED TO CONTINUE TO SHOW A LARGE DEFICIT.

I SHOULD LIKE TO REAFFIRM THE UNDERSTANDING CONTAINED IN PARAGRAPH 2 OF YOUR LETTER, THAT THIS INFORMATION CONFIDENTIAL

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WILL BE TREATED AS CONFIDENTIAL.

ACCEPT, SIR, THE ASSURANCE OF MY HIGHEST CONSIDERATION.

/SIGNED/ TSUYOSHI HIRAHARA
AMBASSADOR
PERMANENT REPRESENTATIVE

END QUOTE
SALZMAN

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NNN

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